

Hello Commerce Committee Members: (Copy Cmte Chairman Rep Foster, Rep Zorn, Rep Nesbitt, Rep Haines, Rep Schmidt, Rep Farrington, Rep Glarden, Rep Somerville, Rep Outman, Rep Kelly, and Committee Clerk Malika Abdul-B)

Thank you for serving on this extremely important committee. As you can imagine with my title, finances are very important to me. Along that vein, I'm writing to express my concern for HB4255 which is currently scheduled to go before your committee on Wed. I want to start by saying that the idea sounds like a good one, but it will have major negative, unintended effects.

Banks charge a fee to retailers for the use of a credit card. That fee will be charged regardless of whether or not you allow the retailer to directly pass that fee along to the consumer. If the fee is not directly passed on, it will be built in to the costs of goods and services and will thus become a hidden fee paid by everyone, regardless of payment method. As an advocate of transparency, I prefer the costs to be readily apparent, and the people who incur the fees to be the ones paying for them.

I am a municipal Treasurer. We are required under law to charge someone the exact cost of their tax bill and no more. We would be charged a fee for allowing the use of a credit card as a payment method.

Thus, we had to make a choice, either

- 1) we use a 3rd party that makes their services available, charging the bill amount and a fee, then paying the totality of the bill to us keeping the fee,
- 2) we supplement that fee by using the taxpayer's dollars that didn't incur the fee, or
- 3) we don't take credit cards at all.

We decided on the first option, but under this bill, we would not have that option. As a result, our choices are limited to causing people who didn't incur a fee pay for that fee, or not taking cards at all. I believe many muni's will likely go back to not taking credit cards at all. For some, that will create an additional hardship because they were waiting on their tax refund, for example, before they could make payment. Their tax bill would go delinquent and a much more significant late fee and interest penalty would be charged.

The fee has a public good as well. People are more likely to use money they have on hand, rather than increasing their debt, when the additional cost is readily apparent. I often have residents come to my counter, and when they find out that there is an additional cost with using credit, they pay with cash or check, thereby not putting themselves into further debt. It is a free-market response to encouraging healthy spending habits.

Thank you for taking the time to read my thoughts. My number is listed below. Please feel free to call if you have any further questions.

Lana Theis, MiCPT, CPFIM

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